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West European Beef Surplus

Middle East To Buy More Wheat

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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Most of Ecuador's food is bought and sold in open-air markets like this one. Production of basic food crops is expected to increase as large amounts of petroleum revenue are infused into the agricultural sector. See article beginning on page 8.

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West European Beef Surplus Could Continue into 1975-76

By DONALD M. PHILLIPS
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THE EUROPEAN COMMUNITY's recent ban on imports of beef, veal, and live cattle highlights the severity and intractability of the meat glut now gripping Western Europe. Rather than a swiftly passing phenomenon, the oversupply could remain into 1975 and 1976.

In the meantime, the EC import ban and other restrictive trade measures taken in Europe will continue to have a major impact on world trade, reducing European imports by more than 50 percent this year and probably keeping them at a low level. In turn, these actions could further aggravate beef supply difficulties in the United States and other parts of the world.

The problem is at its worst in the European Community, which with three-fourths of Western Europe's people and nearly 85 percent of its beef output is by far the single most important segment of European agriculture and trade today. And in the EC, solving the problem is complicated by a market structure in which expanded production is not readily reflected in lower consumer prices.

Ironically, beef oversupply came to the European Community—and the rest of the world—just as the area was pulling out of a period of extremely short supplies and high prices. That situation had prompted the EC in 1972 and the first of 1973 to remove virtually all barriers against imports of beef and veal.

Beginning in late 1973, however, the EC beef market began to weaken. This led to reimposition of beef import duties on September 1973, return to variable levies in November, and a long series of restrictive import measures in early 1974 (see *Foreign Agriculture*, July 15, 1974). These measures included:

• Imposition of temporary import embargoes on fresh and chilled beef by France, Italy, and Belgium-Luxembourg (from countries outside the EC) between late February and March 31, 1974; on all beef and veal imports between April 29 and May 7, 1974; and on imports of fresh and chilled beef and veal and live animals from other European countries between June 27 and July 12.

• The adoption of export subsidies for beef (for the first time in EC history) in December 1973.

• The adoption of the so-called "jumelage" system on May 8 that made issuance of import licenses contingent upon agreement by the importer to buy an equal amount from intervention stocks.

These culminated, of course, in the July 16 ban on all imports of beef, veal, and live cattle until the end of October 1974; only products covered by GATT-bound quotas are excepted.

Despite such measures, EC stocks of beef have continued to accumulate, putting a severe strain on the intervention system. Stocks are currently estimated at about 192,000 metric tons, and the EC Commission forecasts a rise to 250,000 tons by the end of the year—a near physical impossibility since EC storage capacity is already reported to be virtually exhausted.

The thrust of EC policy in dealing with the beef glut has been to restrict imports—an orientation emphasized by the current import ban. However, the EC has also stepped up efforts to dispose of beef through "welfare" channels and adopted a system of subsidies for cattle slaughter aimed at delaying slaughterings (so as to level out supplies). In addition, the EC recently sold 50,000 tons of beef to the USSR for about 38 cents per pound.

A number of countries outside the Community have experienced similar difficulties in their beef markets and have reacted with trade restrictions and other disposal measures. Norway has instituted import embargoes on beef. Greece has imposed them on all meat and live animals. Austria has sharply raised export subsidies. And most non-EC countries have used restrictive licensing, which permits easy expansion

or contraction of imports in response to changes in domestic market conditions.

As a result of these restrictive actions and the changed market situation, net beef import requirements by Western Europe will be down sharply this year from the nearly 800,000 metric tons of 1973 (gross imports last years were 1.4 million tons). The extent of the drop is difficult to predict. However, a conservative assumption of a 10-percent production increase, combined with the same level of consumption as in 1973, would imply a 650,000-ton decline in 1974 net import requirements.

The most important suppliers of the West European market are the South American countries (mainly Argentina), followed by Eastern Europe and Oceania. Pressure on the U.S. market will intensify as these exporters seek to divert beef supplies, especially since Japan has also stopped issuing import licenses for beef. The United States is thus the only major market still open for beef imports. Argentine exports of cooked beef[1] to the United States have already shown a sharp increase—up 54 percent in the first 6 months of 1974.

The surge in 1974 beef production in Western Europe results from the large herd buildup that has taken place over the past 2 years. Cattle numbers at the end of 1973 were over 7 million head or 8 percent higher than 2 years earlier. Most of this expansion took place in the European Community. The Netherlands, Ireland, and the United Kingdom—showed the largest herd increase over this period—up 22, 16, and 14 percent, respectively. Only Italy showed a decline in cattle numbers.

Several factors motivated the herd expansion.

In the first place, there was an initial need to rebuild herds after successive reductions in cattle numbers in 1969, 1970, and 1971. These reductions occurred in response to deteriorating profitability in dairy output, as well as government actions to reduce dairy cow herds. (For example, the EC paid premiums for the slaughter of about 235,000 cows in 1970.) Subsequent increases in support and market prices for dairy products caused a reversal of this trend.

Further incentive for herd expansion was provided by the large jump in beef prices in 1972 and early 1973 and by widespread expectation of a chronic world beef shortage. In addition, herd building in the United Kingdom, Denmark, and particularly Ireland was encouraged by the prospect of entry into the Community, with its promise of higher livestock prices and lucrative market outlets unfettered by import restrictions.

Finally, it appears that even the

[1] **Because of sanitary and health restrictions, Argentina cannot export fresh, chilled, or frozen beef to the United States.**

PRODUCTION AND CONSUMPTION OF BEEF AND VEAL IN WESTERN EUROPE
[In thousands of metric tons]

Item	1960-64	1970	1971	1972	1973 [1]	1974 [2]
Consumption	6,174	7,695	7,649	7,421	7,195	7,176
Production [3]	5,667	7,037	7,067	6,571	6,401	7,041
Net import requirement	507	658	582	850	794	135

[1] Estimated. [2] Forecast. [3] Includes production from imported slaughter cattle.

Far left, intensive winter fattening of cattle on silage in Ireland—the leading European beef exporter. Left, Simmental cattle on a farm in Austria, which is typical of the many small, dual-purpose operations in Europe. Above, high-quality meat in London, where beef prices are still high despite lower farm prices.

drop in prices in the latter half of 1973 (widely seen as a short-lived phenomenon) encouraged herd expansion—due to the speculative holding back of market-weight cattle in hopes of a price rebound.

The potential for increased beef production created by this herd expansion began to be realized in the last quarter of 1973 as large numbers of cattle started moving to market. Combined cattle and calf slaughterings in the last quarter of 1973 were 12 percent above those of the same quarter in 1972. (Despite this, slaughterings in 1973 as a whole were 14 percent below the 1971 level, the lowest since the 1950's.)

Earlier in the year, most observers predicted an increase of 5-8 percent in West European beef and veal production. However, increases in production in the first half of the year have been much greater than foreseen. For example, French production in the first 5 months of 1974 was reported 25 percent above that in the same period of 1973 while cattle slaughterings in West Germany were reported up 23 percent in the first half of 1974. Production is expected to slow in the latter part of 1974—in part due to measures taken by EC and national governments. The EC has instituted a system of slaughter subsidies aimed at encouraging cattle raisers to delay slaughter until early 1975. But it now appears that West European beef and veal production will increase by at least 10 percent in 1974.

These expected gains continue the long-term uptrend in European beef production. During 1960-73 this trend was marred only by significant dips in 1964 and 1965 and again in 1972 and 1973. Despite the last drop, average European beef production for 1970-73 was nearly 20 percent above the average of 1960-64. However, output of other meats has risen even faster, dropping beef and veal's share of total meat production from 34 to 30 percent over the same period (and to 28 percent for 1973 alone).

Ironically, the resumption in beef production growth coincided with a falling consumption. After showing strong growth in the 1960's—and reaching a peak 7.7 million metric tons in 1970—West European consumption of beef and veal fell in both 1972 and 1973. These declines dropped total consumption to 7.4 million and 7.2 million tons, respectively, in the 2 years as domestic supplies contracted and consumer resistance to high prices became apparent.

Per capita consumption of beef and veal has shown a parallel trend, increasing by 27 percent between 1960 and 1970 but since falling nearly 9 percent. And while consumption in the Mediterranean area has risen steadily, that in Denmark, the Netherlands, Sweden, and the United Kingdom has actually declined since 1960.

The share of beef and veal in total meat consumption has also fallen in all but four countries (Austria, Greece, Portugal, and Spain). For the region, it has dropped from 34 to about 30 percent.

Up until recently, prices have been the prime factor behind these consumption changes. Between 1968 and 1972, retail prices widely turned against beef and veal in favor of pork and poultry

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WEST EUROPEAN PER CAPITA CONSUMPTION OF BEEF AND VEAL
[In kilograms per capita]

Country	1960	1970	1971	1972	1973 [1]
Belgium-Luxembourg	23.0	27.0	27.3	26.9	27.2
France	27.4	29.9	29.6	28.5	28.5
West Germany	19.7	24.7	24.8	23.4	21.8
Italy	13.6	25.1	24.6	25.5	22.8
Netherlands	17.6	19.7	19.0	18.0	16.6
Denmark	16.2	19.7	19.3	16.2	14.4
Ireland	15.2	19.0	19.1	19.6	19.0
United Kingdom	24.6	23.5	22.9	22.1	20.9
EC-9	20.9	25.4	25.3	24.2	22.9
Austria	17.5	22.7	22.7	22.3	21.9
Finland	16.3	21.1	20.8	22.1	22.4
Greece	4.9	18.0	16.3	16.9	16.5
Norway	14.2	14.2	15.4	15.5	15.0
Portugal	5.8	11.4	12.1	12.9	12.3
Spain	5.6	12.2	10.6	11.2	12.4
Sweden	18.7	18.9	17.2	15.4	16.8
Switzerland	21.7	25.6	26.6	26.0	25.9
Other Western Europe	10.2	16.1	15.2	15.3	15.9
Western Europe	18.3	23.2	22.9	22.0	21.2

[1] Preliminary.

CATTLE NUMBERS, SLAUGHTER RATES, AND BEEF AND VEAL PRODUCTION IN THE EUROPEAN COMMUNITY, ACTUAL 1972, 1973 AND PROJECTED 1974-76

Year	Cattle numbers [1] (beginning of year)	Slaughter rates		Beef and veal production [2]
		Cattle	Calves	
	1,000 head	*Percent*	*Percent*	*1,000 metric tons*
1972	71,733	23.0	9.6	5,527
1973	74,752	21.8	8.4	5,299
1974: [3]				
Estimate (a)	78,213	23.0	9.0	5,865
Estimate (b)	78,213	25.0	9.0	6,307
Estimate (c)	78,213	27.0	9.0	6,750
1975: [3]				
Estimate (a)	80,638	23.0	9.0	6,047
Estimate (b)	79,074	25.0	9.0	6,377
Estimate (c)	77,059	27.0	9.0	6,689
1976: [3]				
Estimate (a)	83,138	23.0	9.0	6,235
Estimate (b)	79,994	25.0	9.0	6,447
Estimate (c)	76,812	27.0	9.0	6,629

[1] Cattle numbers in 1975 and 1976 are developed on the assumption that the breeding herd remains at the 1972-74 average of 45 percent of total herd and that the calving rate will be 78 percent. [2] Based on actual carcass weights for 1972 and 1973 and on estimated carcass weights of 283 kg. for cattle and 110 kg. for calves for 1974-76. [3] Estimate (a) assumes an annual cattle slaughter rate of 23 percent and calf slaughter rate of 9 percent of herd total in 1974-76. Estimate (b) assumes an annual cattle slaughter rate of 25 percent and calf slaughter rate of 9 percent of herd total in 1974-76. Estimate (c) assumes an annual cattle slaughter rate of 27 percent and calf slaughter rate of 9 percent of herd total in 1974-76.

Middle East Will Buy More Wheat As Hopes for Big Harvests Dim

By MICHAEL E. KURTZIG
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HOPED-FOR INCREASES in wheat production in the Middle East have not materialized and have given new urgency to wheat import plans for the 1974-75 season. Lack of rainfall during the critical growing months, especially in Turkey and Iran, the area's major producers, resulted in lower output, while the new high-yield Mexican varieties performed poorly in southern Egypt.

Pushed forward by buoyant demand and abundant oil revenues in many of these nations, sales of U.S. wheat to the Middle East in fiscal 1975 are sure to be substantially higher than last year's. Iran's import needs are estimated at 1.3 million metric tons, with most expected to come from the United States, while Turkey could purchase over a million tons—more than half of it U.S. wheat. Egypt's wheat imports are also likely to continue rising.

In fiscal 1974, the volume of U.S. wheat shipped to Middle East markets rose to 2.8 million tons—8 percent of total U.S. wheat exports—compared with only 1.4 million in fiscal 1973. Value rocketed from $172 million to $456 million. Egypt was the area's largest purchaser of U.S. wheat in fiscal 1974, followed by Iran, Israel, Iraq, and Turkey. Substantial quantities of U.S. wheat also went to Saudi Arabia and other Arabian Peninsula countries, to Lebanon, Jordan, and Cyprus.

Total imports of wheat, including flour equivalent, by the region are projected at 8.6 million tons in fiscal 1975, compared with 7.9 million in fiscal 1974 and 5.5 million in fiscal 1973. Rising wheat import needs are partly the result of production shortfalls. Wheat output in the Middle East dropped to 16.1 million tons in fiscal 1974 from a peak of 19.5 million in fiscal 1974. This year's outturn is estimated at 17.9 million tons.

Turkey, the area's largest wheat producer, harvested a disappointing wheat crop—well below the level needed to meet domestic needs—for the second consecutive year. Current and probably final production estimates are for 8 million metric tons, the same as last year, but below the earlier season estimate of 8.3 million tons by almost 4 percent.

As a result, Turkey has again turned to the international market to meet its expanding wheat needs. The Turks have already purchased 955,000 metric tons to be delivered by April 1975, with a substantial amount to be delivered before the end of 1974. Of this, 540,000 tons — 56 percent — were purchased from the United States.

At this year's level, Turkey's wheat imports will be the largest in many years, representing almost 12 percent of domestic output. In fiscal 1974, wheat imports totaled 652,000 tons, of which 318,000 tons or 49 percent came from the United States.

To avoid continued reliance on wheat imports, Turkey must intensify efforts to increase wheat production and to control rising population and consumption. Turkey has had sufficient production to meet its local requirements and been able to export wheat in only 3 of the last 10 years.

This year, however, weather was the major deterrent to the expected boost in wheat outturn in several major producing areas. Dry weather during the most critical growing periods in middle Anatolia and other important growing areas dashed hopes for a crop above last year's level.

The situation might have been worse, however, were it not for better-than-expected harvests in lesser producing areas. The wheat crop was very good in the Thrace region—an area of northwest Turkey planted almost exclusively to high-yielding varieties. Harvests in the southeast and coastal regions were also good. Results were poor, however, in the more important Konya and Ankara wheat producing regions.

Over the past 5 years, wheat production in Turkey has averaged about 8.8 million tons. While the average yield has steadily increased over a long period, the upward trend has been about 2 percent per annum, not sufficient to keep up with the increase in population at 2.8 percent. A major goal of agricultural development in Turkey is to improve cultural practices, water resources, and seeds in Anatolia.

Turkey is still one of the world's highest per capita consumers of wheat—approximately 450 pounds (about 200 kilograms) per year—more than triple that of the United States.

A traditional wheat importer, Iran's wheat production has been increasing steadily, although erratically, during the past decade. But most of Iran's wheat is rain fed, so that wheat output has declined sharply in years of insufficient rainfall, such as occurred this year when only about 4 million tons were harvested.

Thus, Iran's import needs for fiscal 1975 are projected to total 1.3 million tons. Most is slated to come from the United States for a potential value of over $200 million. By the end of August, Iran had already purchased over a million tons of U.S. wheat.

During the past fiscal year, Iran's wheat imports from the United States rose to 584,000 tons valued at $94 million, compared with just over 500,000 tons for $41 million in fiscal 1973.

Iran should continue to be a good and growing market for U.S. wheat as well as for other products. With population continuing to grow at 3 percent annually and with per capita income projected at $1,500-$1,600 by 1978, the demand for more nutritious foods such as rice and protein-based products will increase dramatically.

Wheat is the main food staple, providing an estimated half of the caloric intake of Iran. Wheat has also provided about one-third of total farm income.

Total consumption of wheat in fiscal 1974 is expected to advance to 4.95 million tons, compared with the average of 4.6 million during the last 5 years. Production dropped from a record 4.4 million tons in 1968 to 3.8 million in 1971, although output over the last 5 years has averaged 3.9 million tons.

The Government of Iran has implemented numerous programs to expand

grain acreage and productivity. The new 5-year development plan, for example, calls for a significant expansion in the agricultural sector with an outlay averaging $800 million per annum.

In spite of efforts to expand production, however, recent consumption trends indicate that Iran will need to import foodstuffs for years to come.

Egypt's wheat imports in fiscal year 1974 reached a record of almost 2.8 million tons. Australia provided almost a million tons—up from about 625,000 delivered the previous season. Wheat shipments by France and West Germany combined totaled about 800,000 tons.

Exports from the United States—fourth leading supplier—reached 695,000 tons in fiscal 1974, for a value of $121 million, well above the 291,000 tons delivered the previous year. Deliveries during last-half 1974 are likely to continue at the same rapid rate, with some wheat also arriving from Romania and Spain.

Spectacular gains in foreign exchange inflows through investments and loans from oil-rich Arab countries have enabled Egypt to purchase more wheat. Although arrivals in Alexandria were unusually heavy during early 1974, stocks to meet the buoyant urban demand still remain below a 4-month supply.

Programs to boost wheat production through wider use of Mexican varieties failed this year in southern Egypt, so that little gain in wheat yields occurred. Last year, Egypt's wheat production reached a record 1.84 million tons.

Imports of wheat flour by Egypt in 1974 are likely to fall below the 530,000 tons received in 1973. France, Netherlands, Spain, and the United States are Egypt's major sources of imported wheat flour.

The Arabian Peninsula is a booming market for imported wheat and wheat flour. Total imports of wheat and flour by these markets, including Saudi Arabia, will approximate 1 million tons in 1974. Australia is the leading supplier of wheat to the area and the United States and Netherlands are the major suppliers of wheat flour.

Saudi Arabia imported over 160,000 tons of wheat in fiscal 1974, with about half from Australia. Australian wheat exports to Saudi Arabia during December 1, 1973-July 20, 1974, totaled 83,149 tons—up from 14,023 tons during the comparable part of the previous years.

The United States exports over 100,000 tons of wheat flour to Saudi Arabia annually—slightly more than deliveries by all countries of the European Community combined. Canada and Australia also send wheat flour to Saudi Arabia.

Australia supplies almost all of Kuwait's wheat imports—120,000 to 130,000 tons annually—and most of the wheat imported by Qatar and the United Arab Emirates. Yemen's wheat imports approximated 180,000 tons in fiscal 1974, include about 50,000 tons from the United States and a similar quantity from Australia.

The Netherlands, West Germany, and Spain are also sending grain to Yemen, where drought in recent years has reduced supplies. Yemen's foreign exchange holdings have been enhanced by Saudi Arabia's petroleum boom through new Arab investments and funds sent home by immigrant workers.

Israel's wheat production—fiirst believed to be a near-record—ended up somewhat above last year's production of slightly below 260,000 tons, down about 13 percent from earlier estimates. A dry spell during the spring dashed Israel's hopes for a bumper wheat crop this year. A crop of about 260,000 tons should increase import demand, presently estimated at 300,000 tons this fiscal year.

"In fiscal 1974, the volume of U.S. wheat shipped to Middle East markets rose to 2.8 million tons, compared with only 1.4 million in fiscal 1973. Value rocketed from $172 million to $456 million."

According to U.S. trade statistics, Israel bought a total of 408,000 tons of wheat from the United States in fiscal 1974, worth $60 million. In volume, this was 16 percent higher than in fiscal 1973, but value was 131 percent more.

The results of Jordan's wheat harvest —reportedly one of the best on record —are estimated at 190,000 tons, about 10 percent below earlier forecasts and about four times higher than last year's disastrous crop.

In fiscal 1974, Jordan purchased 59,000 tons of wheat from the United States for a value of $10 million. Also 9,000 tons of U.S. flour worth $1.2 million moved to Jordan in fiscal 1974, compared to 67,000 tons worth $7 million the previous year. Jordan imported virtually no U.S. wheat in fiscal 1973.

Lebanon's grain production during 1974 recovered sharply from the 1973 drought to reach a record 70,000 tons —more than double last year's 30,000 tons—but below earlier forecasts. Wheat yields fell below the expected level, owing to lack of rainfall in the latter part of April and during the remainder of the growing season.

Imports during fiscal 1975 are expected to reach about 335,000 tons, including flour equivalent. The U.S. share will continue to remain at about 30 percent. In fiscal 1974, Lebanon imported 432,000 tons of wheat, about 30 percent from the United States for a value of $24 million.

Good winter rains helped get Iraq's wheat crop off to a good start. However, hot weather during the period when the grain was filling out reduced yields. Even so, wheat production in 1974 is estimated at 1.6 million tons, compared with 957,000 last year.

Most of Iraq's wheat is produced by Kurdish farmers in the north. Despite the large crop, rapidly expanding wheat use by flour mills near Baghdad and Basra has buoyed the demand for wheat imports.

Iraq has already purchased 345,000 tons of U.S. wheat for fiscal 1975 delivery. Last year Iraq purchased 392,000 tons of U.S. wheat worth just under $54 million. In value, the wheat purchased comprised 85 percent of U.S. agricultural exports to Iraq.

Syria's wheat harvest in 1974 is estimated at about 1.5 million tons—almost double the 1973 level—but still below average per capita production during 1960-64. Imports of wheat and flour by Syria in fiscal 1975 are expected to approach 400,000 tons, mostly coming from France, Italy, Canada, and Australia. This will be almost double the fiscal 1974 level, when Government stocks fell to low levels.

Estimates of wheat production in war-torn Cyprus have not been completed, although earlier forecasts called for excellent grain crops. In fiscal 1974, Cyprus purchased 41,000 tons of U.S. wheat, worth almost $6 million.

Cotton Exports Fall, Pakistan Cuts Duties

By MOLLIE J. ILER
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Exports of cotton and cotton textiles from Pakistan have fallen sharply this year. To combat the abnormally low export levels—which have resulted in mounting inventories for its textile industry—the Government has abolished export taxes on manufactured cotton.

Part of the reason behind the reduced level is the temporary embargo Pakistan placed on raw cotton exports last fall following August flooding. Export trade was delayed somewhat toward the end of the year because of organizational problems of the Cotton Export Corporation, which was formed last October when the Government nationalized the cotton export trade.

Last fall, too, export duties on yarn were increased to encourage domestic production and export of finished textiles. However, since January, when world prices and demand for raw cotton and yarn began to decline, the prohibitively high export duties held Pakistan's export prices at uncompetitive levels. The result has been a sharp slump in exports. Consequently, Pakistan's textile industry, after purchasing large quantities of cotton at very high prices following last August's floods, is faced with unusually high inventories of raw cotton and yarn.

To stimulate increased cotton and cotton textile exports, the Government, in presenting its proposed fiscal 1975 budget on June 8, 1974, lowered the tax on upland cotton from 45 percent ad valorem, plus an additional regulatory duty, to a straight 35 percent, and on desi cotton, from 30 to 25 percent.

Other reductions took the tax on cotton yarn (21-24 count) from 40 percent plus a specific duty, to 25 percent ad valorem regulatory duty plus the same specific duty. Taxes on other yarns not subject to a specific duty were decreased from 35 to 25 percent ad valorem regulatory duty.

In terms of textiles, the export tax on grey cloth was reduced from 25 to 15 percent, and on most finished cloth, from 15 to 10 percent. Taxes on cotton yarn and cotton wastes were reduced to 15 and 35 percent, respectively.

To encourage textile exports, the Government at the end of July withdrew the export duties on grey cloth and some finished cotton products, and, on August 18, abolished the export duty on yarn. Abolition of the yarn duty, in addition to eliminating a major cause for complaint by textile mill owners, should slow declining yarn exports.

Exports of raw cotton, consisting mostly of desi, had reached only a little over 62,000 bales through April of the current crop year, compared with 761,000 bales at the same time last year. But since April, both Yugoslavia and Hong Kong have reportedly purchased over 50,000 bales, and recent sales have included some staple cotton. Total 1973-74 exports may not exceed 200,000 bales, compared with 822,000 in 1972-73.

Cotton yarn exports totaled 440,400 bales (400 lb. net) during August-November 1973, 54 percent higher than those for the same 1972 period, but they have subsequently declined sharply. Major exports of cotton yarn from August-November 1973 were 225,000 bales to Hong Kong, 112,000 to Indonesia, and 57,000 to Singapore.

Exports to Japan, a large Pakistani yarn market for the last several years, were only 13,000 bales in that period, compared with over 70,000 during the same period the previous year. Frequently changing and high export duty rates, plus the large stocks that Japan reportedly was selling on international markets, seem to have been the main reasons for the decline.

Total cotton yarn exports for the 1973-74 marketing year are estimated to have been nearly 40 percent below the approximate 1 million bales exported the previous season.

Cotton cloth exports, down 18 percent during August-November 1973 from those for the same period in 1972, also are expected to be even lower than 1972-73's total of nearly 435,000 bales (1,500 yards per bale).

Sales of cotton cloth to Socialist countries such as Bulgaria and Hungary dropped to about 2,000 bales in August-November 1973, compared with about 16,000 for the same period of 1972. Principal exports of cloth were 19,000 bales to Hong Kong; 19,000 to the United Kingdom; and 10,000 to the United States. Exports to the United States, Saudi Arabia, Southern Yemen, Singapore, and Ceylon during August-November 1973 were considerably lower than levels for the same period of 1972.

Early season estimates placed 1973-74 domestic mill consumption of raw cotton at around 2.5 million bales, an increase of about 100,000 bales over the 1972-73 level. Mill use, however, may not reach this level because of slack export sales, tight credit, and other problems faced by the industry this year. Most of the projected increase was for manufacture of textiles destined for export.

The Government has encouraged expansion of the domestic textile industry with the aim of increasing profitable textile exports, particularly yarn—now a major foreign exchange earner. In 1972-73 cotton and textile exports earned an estimated $413 million, over half the total export earnings. But the 1973-74 export target—originally set at $620 million (raw cotton, $140 million; cotton yarn, $288 million; and cotton cloth; $192 million)—will probably not be met because of the sharp decline in exports since last fall.

During the current year the Government planned to add 850,000 spindles to the existing 3.24 million, about 3.02 million of which are in operation. The industry now has about 30,000 looms. Of these about 27,000 are in operation. The Government also plans to establish three textile mills and 10 ginneries in Punjab, and a mill at Tarbela, in the Northwest Frontier Province.

Despite production losses from flooding, Pakistan is faced with an unusually high carryover of cotton stocks because of low exports in 1973-74. And with just under 5 million acres planted to cotton, 1974-75 production currently is estimated to reach 3.2 million bales (480 lb. net), compared with 3 million in 1973-74.

Even with a projected increase in domestic mill use by the expanding textile industry to over 2.6 million bales in 1974-75, Pakistan could have an exportable surplus in 1974-75 of more than 1 million bales of cotton for the first time since 1971-72, when exports were slightly over a million bales.

Funds from Oil, Other Sources To Boost Ecuador's Agriculture

By C. MILTON ANDERSON
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ECUADOR'S AGRICULTURE has made a small and diminishing contribution to the country's economy in recent years, but it is likely this sector will gain strength in the future. Windfall revenues from Ecuador's petroleum sales—as well as from other domestic products—will be used to finance new and existing Government farm programs. Also at the present time there are large amounts of technical and financial assistance available from non-Ecuadorean sources.

Oil earnings will be used to boost output of virtually all of Ecuador's basic food commodities and to a lesser degree those commodities produced for export. To do this the Government intends to expand crop acreage and livestock numbers and to improve yields and product quality.

Certain to benefit are such basic food crops as rice, corn, barley, wheat, oilseeds, oil palm, potatoes, sheep, cattle, hogs, and feedgrains. Benefiting also, but less markedly, will be many export crops such as bananas, sugar, molasses, cocoa, coffee, castorbeans, pyrethrum, mushrooms, abaca (manila hemp), cut flowers, tea, and melons.

Ecuador experienced a real economic growth of 9.8 percent in 1972. Growth in the agricultural sector was only 0.7 percent, compared with 13.4 percent in other sectors. Tempo for the whole economy picked up during 1973 and growth was between 11 and 12 percent while that of agriculture declined further to 0.5 percent.

Between 1972 and 1973, Ecuador's gross domestic product (GDP) at current prices jumped by about 23.2 percent, or from a preliminary figure of $1.91 billion to an estimated $2.36 billion. (All values are in U.S. dollars.)

Agriculture, forestry, and fisheries, which contributed over 35 percent of GDP throughout most of the 1960's, have been declining in importance and by 1970 contributed only 30.5 percent. By 1971 and 1972, the figure had dropped to 28.6 and 26.2 percent, respectively. As 1974 got underway, the outlook was for a continuation of rapid economic growth, except in agriculture, although some expansion is expected in that sector for the first time in several years.

However, the economy must withstand the pressures of inflation, which in 1973 reached an annual average of 18 percent. Based on the first half of 1974 the figure will exceed 30 percent this year, owing mainly to a surge in food prices.

Much of last year's overall improvement was directly or indirectly tied to Ecuador's first full year of oil exports and oil's rising value. While Government expenditures rose to $221.7 million as of September 30, revenues were up even more—$224.5 million—leaving a $2.8 million surplus, compared with a $24.3 million deficit for the same period in 1972.

Completion of the Trans-Andean oil pipeline in August 1972 was undoubtedly the most important economic development in Ecuador's history. Lower transit costs, coupled with higher world oil prices, are expected to bring Ecuador oil revenues of over $600 million in 1974 from an output of up to 210,000 barrels per day. Government income from oil sales is expected to be up 250 percent from the 1972 level.

The major agency that will channel excess oil revenues into the economy is the National Development Fund, established by decree December 14, 1973. It will fund projects of high priority, leaning heavily toward those having a high import component.

Most revenues from exports of crude oil resulting from a price in excess of $7.30 per barrel were assigned to this Fund. As of January 1974, the official export price was $13.70 per barrel. If prices remain at this level, revenues could contribute $200 million to economic development.

Many of these projects—such as

Above, two farmers in the Andean region of Ecuador remove chaff from wheat seed, prior to sowing. The Ecuadorean Government will invest some of its funds in this area of agriculture in an effort to boost production. Left, Ecuador also plans to bolster its livestock industry and will import cattle from a number of countries, probably including the United States. Below, an oil well in Ecuador's Oriente region, east of the Andes.

construction of a proposed $92 million petroleum refinery—will have no direct effect on agriculture. Others will have marginal to significant effect. In a few cases, the benefits will accrue totally to the farm sector. One example of the latter is commodity storage facilities—especially for rice—to be built with some of the first money allocated by the Fund.

A number of other agricultural units will also probably benefit over the long term from increased oil revenues, among them the Ministry of Agriculture and Livestock. The Ministry has designated 1974 as "The Year of Agricultural Production" and is using its enlarged budget to launch several new farm programs and expand many others. These efforts will be aided by an increase in the number of field technical personnel from 762 to 968.

Under these programs. high priority is to be given to development of new, higher yielding. more disease-resistant cereal seed varieties. These efforts will be coordinated by the Ministry's Department of Seed Multiplication and processed and distributed by a mixed private-Government corporation.

The Ministry is also planning to start a number of machinery pools located strategically throughout the country to provide equipment to small farmers. Approximately $360,000 has already been used in the program.

In the livestock sector, the Ministry plans to spend about $540,000 in new programs of sheep and swine development. These funds will be used to set up experimental farms for each class of livestock and for subsequent related multiplication and distribution centers.

The Ministry has in the works a number of other programs. Some are fully financed by the Ministry, others are operated jointly with private companies. But all of them had their genesis in the country's 5-year plan that went into effect in 1973. By the plan's end in 1977, Ecuador will have invested $3.16 billion in economic development, with agriculture receiving $554 million in an effort to achieve a 5.3 percent annual boost in productivity.

The Fondos Financieros (Financial Fund), created by decree April 5, 1973, has also been assigned an important role in providing agricultural credit to Ecuadorean farmers. Administered by the Central Bank, the Fund disperses money to the National Development Bank, private commercial banks, and to the country's credit corporations.

The Fund at present has lines of credit of about $40 million. Some $16.96 million will be used to promote production and marketing of grains. The fiber area is slated to receive $6.86 million and livestock $6 million.

The Fund has available from foreign sources about $17.1 million: $7.5 million of a $10-million World Bank livestock loan; $2.7 million from a $3.6-million loan from the U.S. Agency for International Development (AID) primarily for promotion of rural cooperatives in the Guayas River basin; and $6.9 million of a $7.2-million AID loan for agricultural development.

Another source of credit for agricultural projects is the National Development Bank (NDB). About 80 percent of its funds come from loan repayments and 20 percent is borrowed from external sources, primarily from the Inter-American Development Bank (IDB), which recently made available to Ecuador a $15 million credit for livestock and African palm oil projects.

In 1973, successful borrowers in the agricultural and livestock sectors—about 60 percent of those who applied—got $46 million in loans from NDB—the entire amount of credit available. Loans granted included $18.9 million for food crop production. The largest loans were made to boost rice, wheat, and hard corn output and were $5.2 million, $4.8 million, and $4.2 million, respectively.

Total credit given by the NDB during the first 6 months of 1974 amounts to $62.36 million, of which 71 percent or $44.4 million went to agriculture and livestock. These amounts do not take into account additional funds to be realized when NDB discounts some of its notes to Ecuador's Financial Fund.

The NDB's prime source of new credit in 1974 will be the Fund from which the Bank will probably draw $1.2-$2 million. These funds will account for a large part of increased loans to the agricultural sector.

Larger sums of money will be available in 1974 from private banks than in the past. Private national banks have been directed to put 20 percent of their loan portfolios into agricultural projects by the end of this year. For private foreign banks the requirement was 25 percent.

Private banks can draw funds to issue long-term, low-interest commercial loans from the Central Bank which receives

Left, an Ecuadorean farmer plowing an Andean slope. It will take great sums of money to modernize the farm sector, a large part of which is undeveloped. Much of the funds will come from petroleum sales. Above, a petroleum camp in the Oriente.

its funding from foreign loans, the sale of Government bonds, and from other lending organizations.

Private banks can also turn to the Financial Fund for monies, discounting eligible agricultural notes by up to 80 percent to the Fund. However, private foreign banks have not used capital from the Fund to any large extent. This lack of interest stems from the complicated manner in which notes are discounted by the Fund and because few reliable agricultural borrowers have approached the foreign banks. In addition, since these banks must bear the cost of defaults, they have had little incentive to make agricultural loans.

On the other hand, private national banks have had much experience making agricultural loans and many have loan officers skilled in working with producers of bananas, coffee, cocoa, sugar, and similar export crops. However, these crops are not eligible for Financial Fund financing. It is expected private national banks will draw as much as $3.2-$3.6 million of the $5.6 million available from the Fund.

Also to stimulate private investment in agriculture, the Government has established a Preinvestment Fund to finance feasibility studies in various sectors, including agriculture.

Ecuador's only credit corporation making agricultural loans at the present time is Compañía Financiera Ecuatoriana (COFIEC). During 1973 it made 53 loans to agriculture and livestock producers worth about $2.7 million. In addition, there were loans for $3.7 million to the tobacco industry.

The number and value of COFIEC loans to the agriculture and livestock sectors in 1974 are expected to remain about the same as in 1973. It is anticipated COFIEC will make only limtied drawings on the Financial Fund this year.

With the greater availability of funds, the Ecuadorean Government may boost its financing of two relatively new State agencies—ENPROVIT and ENAC.

The first of these, created in 1971, now manages a rapidly growing chain of Government retail stores which primarily sell basic commodities. ENAC, established this year, will—when operational—be the buying-selling link between producers and wholesalers. It will also manage Government commodity storage facilities.

Government funds will also be channeled into activities to support construction of slaughterhouses and pasteurization plants, to improve product sanitation, and increase the use of artificial insemination.

Ecuador will also benefit from financial assistance from other sources. In addition to the $15 million loan earmarked for livestock and palm oil projects, the Inter-American Development Bank in 1974 approved a $20.8 million loan for rural development. Funds from this source will be used in conjunction with a World Bank Loan for $5.5 million signed last year and Government allocations for two major and 17 smaller irrigation and flood control projects in Guayas River basin. As a result of these operations, approximately 1.1 million acres of new land are expected to be brought into crop productions.

The United Nations Development Program has earmarked several million dollars for a multiyear program for projects in agriculture, including planning, extension, compilation of statistical data, and forestry.

Technical assistance for many agricultural projects has also been available from the U.S. Peace Corps as well as from the Food and Agriculture Organization and the Inter-American Institute of Agricultural Science. In a recent move, South Korea has offered technical assistance in rice production and Switzerland is giving about $175,000 to finance Ecuador's agricultural development. Japan may also join the list of donors soon by providing financial and technical assistance on food production projects.

Also to stimulate additional private investment in agriculture, the Government virtually eliminated import duties on cattle for breeding or herd upgrading, fertilizer, and agricultural machinery.

This should encourage import of breeding cattle and swine. In 1973, Ecuador's major livestock imports were 4,000 commercial Brahman heifers and 200 purebred Brahman bulls from Costa Rica and 500 purebred Brahman bulls from Panama. Imports by private sources included about 50 head of breeding cattle from the United States and 50 purebred sheep from the Federal Republic of Germany.

Israel Upping Fertilizer Output To Capitalize on World Demand

By DALE B. DOUGLAS
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ONE OF THE COUNTRIES responding to today's strong demand for fertilizer is Israel, where fertilizer production has already risen rapidly in the last 5 years and is scheduled for more impressive growth in the near future. Although the country is still only a minor participant in world fertilizer trade, its role can be expected to grow since practically all additional output of potash and rock phosphates will be finding its way into the export market.

These two products account for most of Israel's fertilizer production, although the country also produces a number of more sophisticated fertilizers, largely for use by domestic agriculture. The potash comes from brine pumped out of the Dead Sea, while phosphates are mined in various locations in the Central Negev, Israel's arid southern province. Factories producing the other types of fertilizer—including those based on potash and phosphate rock—are situated in Haita.

During the late sixties, expansion of projects on the Dead Sea resulted in an 80-percent increase in production of muriate of potash. This year, production of muriate of potash is being stepped up from the 1973 level of around 955,000 metric tons (yielding some 550,000 nutrient tons of potash) to 1.2 million tons, and possibly 1.5 million is seen for next year.

Unlike production of nitrogen fertilizer, this growth can be achieved with little increase in energy demands—especially because of the intense sunpower available to fuel the basic production process in the very hot, Dead Sea region.

Production of rock phosphate, by contrast, has shown an erratic trend, dropping in the early 1970's as much as 26 percent below the 912,700 tons of 1969, then recovering to 900,000 tons in 1973. But, encouraged by the recent discovery of new reserves and prices that have at least tripled in the last 6 months, production is forecast to climb sharply in the near future; hopes are to reach an estimated 1 million tons in 1974 and a production capacity of close to 2 million is forecast by 1975. Aiding expansion is a 1974 development program to extend railways to the new areas.

In addition to potash and phosphates, Israel produces a variety of complex nitrogenous fertilizers, largely for use on the very intensive and largely-irrigated domestic agriculture. One exception is the rapidly expanding production of potassium nitrate, which is produced almost exclusively for export.

With one exception, all plants producing this fertilizer are part of a Government-controlled combine called Israel Chemicals, Ltd. The individual plants enjoy a degree of independence and are supposed to show, each on its own account, a profit. The Government controls a majority of shares in each firm and is responsible for exports, general policy, and market development.

The one firm not belonging to the Combine—Haifa Chemicals—is a subsidiary of the Government-owned Haifa Petroleum Refineries. It produces only potassium nitrate.

Because domestic agricultural requirements are dwarfed by the total fertilizer supply, Israel can ship some 90 percent of its production abroad—largely to Europe and the Far East. And these exports are growing in line with production gains.

Potash shipments, accounting for the bulk of recent trade expansion, climbed some 30 percent between 1969 and 1973 to over 780,000 tons. And in 1974 they are expected to reach over 1.1 million tons.

Shipments of rock phosphate have been in a downtrend, as a result of a seesawing production—the 1973 export level was down by more than a third from 1969 to 550,000 tons. However, exports are seen climbing to 800,000 tons in 1974 and should gain rapidly in the future as production increases.

Potassium nitrate—whose production did not even begin until 1970—has shown rapid export growth, and shipments in 1974 are estimated at slightly over 100,000 metric tons.

Exports of these products originate largely at the Red Sea port of Eilat and the Mediterranean port of Ashdod—the

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ISRAEL: FERTILIZER SUPPLY AND DISTRIBUTION
[In metric tons[1]]

Item	Calendar years 1969	1970	1971	1972	1973	1974 estimate
Muriate of potash:[2]						
Stocks 1/1	200,000	128,593	126,541	96,291	119,132	195,332
Production	547,797	866,496	956,393	929,098	954,988	1,200,000
Used in Israel	26,564	58,810	85,072	96,737	98,630	100,000
Exports	592,640	809,738	901,571	809,470	780,158	1,143,332
Stocks 12/31	128,593	126,541	96,291	119,132	195,332	150,000
Rock phosphate:						
Stocks 1/1	(3)	(3)	(3)	(3)	(3)	(3)
Production	912,700	878,000	670,000	757,000	900,000	1,000,000
Used in Israel	84,000	111,000	100,000	136,000	150,000	160,000
Exports	828,000	767,000	570,000	621,000	550,000	800,000
Stocks 12/31	(3)	(3)	(3)	(3)	(3)	(3)
Potassium nitrate:[4]						
Stocks 1/1	(3)	(3)	(3)	(3)	(3)	9,000
Production	—	40,000	68,000	78,000	87,000	100,000
Used in Israel	—	500	1,000	1,500	1,500	1,800
Exports	—	39,500	67,000	76,500	85,500	101,800
Stocks 12/31	(3)	(3)	(3)	(3)	9,000	(3)

[1] Product tons, not nutrient tons. [2] Yields roughly 60 percent K_2O. [3] Not available. [4] Yields roughly 13 percent N and 44 percent K_2O. Based on trade information.

European Beef Surplus

Continued from page 4

meat. This was reversed in 1973 as prices for pork and poultry rose faster than those for beef. But by then many West European consumers, faced with sharply rising food budgets, were attempting to economize. They did this by purchasing more pork and poultry meat, which despite price gains were still considerably cheaper than beef on a per pound basis.

Historically, beef and veal consumption in Western Europe has shown a very close correlation with domestic production. In 1974, however, consumption is expected to stay at about the low level of 1973 as a result of the following factors:

• The economic slowdown in Western Europe. Aggregate GNP is expected to be up only 1.7 percent in 1974 in real terms. At the same time, double-digit inflation is expected in practically all countries.

• Severe balance-of-payments problems. Many countries may take measures to discourage imports. For example, Italy imposed a 50-percent cash deposit (non-interest bearing) on many imported commodities, including beef. (This was later reduced to 25 percent for beef. However, it was removed entirely for most other agricultural imports.)

• The EC increase in beef target prices—12 percent for 1974-75 and 40 percent since 1970. The EC support system, plus the price rigidity shown by European retail outlets, will keep beef prices high.

• Competition from other meats. Supplies of pork and poultry are ample this year and wholesale prices of these products have already fallen considerably more than beef prices. Price support mechanisms for these products are weaker than those for beef.

European beef and veal consumption in the current year is unlikely to rise substantially above 1973 levels unless the European Community decides to let beef prices fall sharply below intervention levels or to directly subsidize beef consumption. Thus far, the EC has shown little inclination to follow either approach, although, as noted earlier, there are plans to step up efforts to move beef through "welfare" channels.

Looking to the near future, high levels of beef production can be expected to continue into 1975 and probably 1976 as well. This anticipated growth reflects the large increase in herd size over the past few years, which has allowed sizable gains in meat production without reducing the potential for future output.

About 80 percent of West European cattle slaughter takes place in the European Community, where a 10-percent increase in 1974 production could occur with only a slight reduction in the current herd growth rate. In fact, an increase in the EC slaughter rate to about 36 percent (27 percent for cattle and 9 percent for calves) would be required to reduce herd size in 1975 by about 1 percent, and this would imply a 1974 production gain of 27 percent. While the slaughter rate for adult cattle has not previously reached 27 percent, that for calves was considerably higher than 9 percent in earlier years. These changes reflect the growing tendency toward production of beef, rather than veal.

Increases in beef production in the near future could be lessened if farmers begin to market cattle at lighter weights, or if there is a shift back to greater veal production. These developments will be encouraged if, as appears likely, cattle market prices remain depressed and feed costs remain high.

Gauging the outlook for West European beef consumption is more difficult, partly because of the profound economic uncertainties now facing the developed world. Worldwide inflation and the threat of severe balance of payments problems in many countries call into question the assumption of strong and steady economic growth, which has been built into most analyses of the consumption outlook. The recent deterioration of the economic situation, combined with consumer resistance to high beef prices experienced in recent years, will probably tend to hold down beef consumption in the next few years.

Several factors, however, should encourage an increase above the levels of 1973 and 1974. Competition from other meats, which have a shorter production cycle than beef, may lessen if continuing weak prices cause a cutback in their production by 1975 or sooner. Also, the effects of the recent hikes in beef support prices may be eroded by inflation: the high beef price of 1974 may not appear so high to the consumer of 1975. Furthermore, the marketing difficulties currently being experienced will probably make West European governments reluctant to grant further large price increases and may encourage programs to expand consumption.

In the long run, assuming West European economic momentum is regained, consumer demand for beef is expected to be strong. The income elasticity of demand for beef is believed to be higher than for any other meat, and the experience of the United States and Canada suggests there is still much room for growth. Per capita beef and veal consumption levels in these countries were 140 and 94 percent, respectively, above the average West European level in 1972. Most studies done in this area expect beef and veal consumption over the next decade to grow more than 2 percent annually.

While consumption may pick up in 1975, high production will keep beef imports from outside Western Europe at relatively low levels.

There is great difference of opinion as to the longer term outlook for beef imports, however. Some studies foresee a sharp rise in Western Europe's beef import deficit, whereas others see it stabilizing or declining. These differences stem in large part from conflicting views as to the potential for expanded production.

Most observers feel that increases in herd size are constrained by the close relationship between dairy and beef production—some 90 percent of West European beef and veal production comes from dairy or dual-purpose cattle. Sizable numbers of cattle are bred exclusively for beef in France (25 percent of the breeding herd in 1973), Ireland (33 precent), and the United Kingdom (34 percent). But in most of Western Europe, the small size of farms makes sole dependence on income from meat production uneconomical. Given this interrelationship, substantial growth in herds would tend to generate intolerable surpluses of dairy products.

The potential for expanding production through increases in carcass weights, improvements in calving rates, and particularly through a reduction in calf slaughterings is considerable, however. Although the number of calves slaughtered for veal in Western Europe has been steadily declining, it still amounted to about 30 percent of total calves in 1973, as compared to 6 percent in the United States.

CROPS AND MARKETS

OILSEEDS AND PRODUCTS

U.S. Soybean Production Seen Slightly Above August Estimate

Based on conditions as of September 1, U.S. soybean production in 1974 is now estimated at 1,316 million bushels, only 2 million bushels above the August estimate but 251 million below last year's record harvest. The September 1 crop estimate released on September 11 places harvested area at 52.4 million acres, unchanged from the August estimate and 7 percent below last year's. The current yield estimate for the 1974 crop of 25.1 bushels per acre remains unchanged from that of a month earlier, but is 10 percent below the level reached last year. The current production estimate does not allow for early freeze damage that might have adversely affected soybeans in South Dakota, Minnesota, and northern sections of Nebraska and Iowa on September 2 and 3.

The total 1974-75 supply of U.S. soybeans is estimated at 1,476 million bushels, 151 million below last year's record.

U.S. soybean exports in the year ending August 31, 1974, approximated 545 million bushels, 5 million bushels below the previous estimate, but 6.5 million above those for 1972-73. Carry-in stocks of soybeans on September 1 are estimated at 160 million bushels, unchanged from the previous estimate but 100 million bushels above stocks for the same date a year earlier.

Soybean oil exports have shown recent strength and are now estimated at 1.55 billion pounds, or 100 million above the previous estimate for 1973-74 and 485 million above the 1972-73 volume.

Domestic use of soybean oil in 1973-74 is now placed at 7.3 billion pounds, 50 million below the previous estimate but substantially above last year's 6.7-billion-pound volume. Soybean oil stocks on September 30, 1974, now are estimated at 686 million pounds, 50 million below the previous estimate but significantly above the 516 million pounds of a year earlier. Meal exports are now estimated at 5.8 million short tons in 1973-74, 50,000 tons above the previous estimate and substantially above last year's 4.75 million tons.

Current projections for 1974-75 soybean exports, crush, and carryout remain unchanged from the previously estimated ranges of 515-535, 775-805, and 50-100 million bushels, respectively. Domestic consumption of oil and meal have been reduced to 7.65-7.45 billion pounds and 13.65-13.15 million short tons, respectively. Oil exports are projected within a range of 900 million-1.1 billion pounds, unchanged from the previous estimate but substantially below the 1973-74 volume. Soybean meal exports in 1974-75 are now estimated at 5.3-5.7 million short tons, 200,000 tons above the previous estimate but significantly below the 1973-74 volume.

The projected decline in 1974-75 U.S. exports of soybeans, oil, and meal reflects the significant reduction in U.S. supply as well as prospects for increased foreign availabilities in the major producer-exporter countries. In addition, the decline indicates less than normal growth in foreign consumption requirements because of accelerated living costs and poor foreign livestock producer profitability.

U.S. exports for soybeans and products are projected at levels significantly below those indicated on the basis of reported export sales contracts. The sharp rise in reported export sales contracts in recent weeks appears to reflect precautionary contract committments for volumes substantially above historical consumption trends. Therefore, the reported export sales contracts are not regarded as a reliable measure of foreign demand for U.S. exports of soybeans and meal.

GRAINS, FEEDS, PULSES, AND SEEDS

USSR Small Grain Harvest Reported

As of September 9, 1974, 248.3 million acres, 83 percent of total area, of grain (excluding corn) had been cut in the USSR. Of the cut area, 224.4 million acres had been picked up from windrows and threshed.

The rate of cutting the grain during the week of September 3-9 declined a considerable 23 percent as the harvest neared completion. The rate of picking up the grain and threshing also declined, but only 7 percent, compared with the 16 percent decline of the previous week. The amount of grain left in windrows decreased 20 percent to about 24 million acres still to be threshed. Compared with the corresponding 1970-73 averages, area of grain cut was 10.6 million acres larger, area threshed was nearly 14.8 million acres greater, and grain left in windrows was about 3.9 million acres less.

USSR: HARVESTING OF SMALL GRAINS AS OF SEPTEMBER 9, 1970-74
[In million acres]

Year	Area cut		Area threshed		Area unthreshed in windrows
	Total	Rate in latest week	Total	Rate in latest week	
1970	227.6	25.4	200.4	23.5	27.2
1971	245.6	20.0	225.1	31.6	20.5
1972	225.8	23.7	195.2	16.5	30.6
1973	251.8	19.0	218.4	24.0	33.3
1974	248.3	22.7	224.3	28.7	24.0

Italian Grain Estimates Revised

The soft wheat production estimate in Italy has been revised upward by the Central Statistical Institute, but Durum and corn production now are projected lower than estimates of a month ago. Production of soft wheat now is estimated at 6.7 million metric tons, and Durum production is placed at 2.9 million.

Estimates reportedly anticipate soft wheat and Durum production will be 6.8 million tons and 2.7 million tons, respec-

tively. Production of barley and oats is estimated at 552,100 tons and 460,500 tons, respectively, up 20.5 and 10 percent over 1973-74 levels. Corn production, however, has suffered from drought and currently is expected to be 10-15 percent below the 1973-74 output of 4.9 million tons.

The expected larger supply of soft wheat may cause Italians to feed more wheat to livestock this year, especially if the prices of feedgrains increase further from their already high levels. Imports of Durum of 200,000-400,000 tons are indicated (400,000-600,000 if unofficial estimates are accepted) to cover Italian requirements and build up some stocks.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 17	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.82	+22	6.33
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.80	+28	5.92
15 percent	(1)	(1)	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.76	+32	5.84
No. 3 Hard Amber Durum	7.66	+16	8.77
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.90	+15	3.02
Argentine Plate corn	4.14	+10	3.33
U.S. No. 2 sorghum	3.71	+13	3.13
Argentine-Granifero sorghum	3.79	+11	3.10
U.S. No. 3 Feed barley	3.34	+13	2.97
Soybeans:			
U.S. No. 2 Yellow	8.40	+42	6.93
EC import levies:			
Wheat	0	0	0
Corn	0	0	.30
Sorghum	0	0	.31

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

COTTON

U.S. Cotton Exports Reach 5.7 Million Running Bales

U.S. raw cotton exports in July 1974 of 426,000 running bales brought the cumulative total for the 1973-74 (August-July) season to 5.7 million. Cumulative 1973-74 season shipments were 15 percent above those in 1972-73 and represent the highest season total since 1960-61, when 6.6 million bales were exported. The rise in U.S. shipments reflected adequate supplies available for export; increased demand for cotton abroad, particularly in Asia; and a decrease in exports during the season by several major foreign producers because of export controls imposed in some of those countries and contract disputes in others after world cotton prices began to soar last summer.

July exports to Europe of 34,000 bales brought the total shipped in 1973-74 to 748,000 bales, the second highest since 1967-68 but 34 percent lower than the 1.1 million bales in 1972-73. Europe's share of total U.S. exports fell to 13 percent in 1973-74 from 22 percent in the previous season. Cumulative shipments to the enlarged European Community in 1973-74 totaled 413,000 bales, 41 percent below 1972-73 shipments. Cumulative exports increased 24 percent to Romania, 57 percent to Finland, 38 percent to Norway, and 21 percent to Sweden, but declined to other European destinations, compared with exports for July 1973.

Exports in July of 392,000 bales to non-European destinations brought cumulative season shipments to a postwar high of 5 million bales, up 28 percent from the 3.9 million shipped in 1972-73. Japan, the People's Republic of China, Korea, Taiwan, and Hong Kong—the five largest markets for U.S. cotton—accounted for 75 percent of shipments to non-European destinations and 65 percent of shipments to all destinations. For the first time last year Nigeria was an importer of U.S. cotton.

U.S. Cotton Mission Visits Far East

Cotton Council International (CCI), under a Cooperative Project Agreement with FAS (Foreign Agricultural Service), is sponsoring a U.S. Cotton Processing Mission to the Far East September 12-October 7, 1974. The team will include technologists specializing in fiber processing, knitting, weaving, and textile finishing.

This mission—the first such activity since 1969—is part of the FAS/CCI market development program to maintain and expand U.S. cotton exports. It was organized at the request of mill customers in Japan, Korea, Taiwan, Hong Kong, the Philippines, and Thailand. U.S. technologists have prepared formal technical reports for presentation at seminars in each country and have studied mill machinery and processing equipment utilized in these countries. The spinners' association in each country will organize and carry out the seminars.

FRUIT, NUTS, AND VEGETABLES

Australia Extends Fruitgrowing Scheme

The Australian Fruitgrowing Reconstruction Scheme will be extended for an additional 18 months, according to a July 3 announcement. As approximately A$1.8 million of the existing A$4.6 million appropriation remains uncommitted, it is unlikely that additional funds will be required. The Government is providing assistance to help the growers voluntarily pull out deciduous fruit plantings. This is being done to achieve, with minimal hardship, a closer balance between production and market demand.

The Scheme has played an important role in assisting growers in financial difficulties, especially those in the Tasmanian apple industry. Applications under the scheme will be accepted up to December 31, 1975, and the deadline for removal of trees will be June 30, 1976.

Assistance under the scheme is provided in the form of a loan that is converted to a grant after 5 years, conditional

upon the recipient not replanting specified fruit trees within that period. It is restricted to fresh apples and pears, and canning peaches, pears, and apricot trees. The maximum rate of assistance is A$500 per acre for canning fruit trees and A$350 per acre for fresh apple and pear trees.

The Scheme is being continued not only to encourage the pulling of trees, but to provide further assistance to growers who believe it is in their best interest to reduce plantings in view of market and income prospects.

Portugal Almond Forecast Revised Downward

Drought conditions and unusually cold weather in Portugal's major almond producing regions have reduced the estimate for Portugal's almond output. The forecast now calls for production of 4,500 metric tons, down 44 percent from the 1973 harvest of 8,000 tons, and 10 percent less than the July forecast of 5,000 tons.

Almond exports for the 1973-74 year are estimated at 6,600 tons. The expected smaller crop for 1974-75 indicates a possible reduction in almond shipments during the coming year.

LIVESTOCK AND PRODUCTS

France Seeks Extension Of EC Beef Import Ban

The French Government has indicated that it will press for an extension of the current European Community beef import ban. This announcement follows meetings with leaders of the four main French Farmer's Unions.

The beef import ban originally was expected to end in October, but current indications point to an extension of the ban into next spring.

Japanese Hotel Beef Import Quota Not Issued

The U.S. Agricultural Attaché in Tokyo reports that the Japanese Hotel Association sent a circular letter dated August 29 to representatives of its member hotels. The letter stated that, according to information received from the Ministry of Agriculture and Fisheries (MAF), no special hotel beef import quota has been issued for the first half of Japanese fiscal 1974, which ends September 30. The JHA told its members that the action was taken by MAF to suspend beef imports (both regular and hotel) until the domestic beef market stabilized.

DAIRY AND POULTRY

Canada Short On Egg Storage

The Canadian Egg Marketing Authority (CEMA), unable to find sufficient storage capacity to handle surplus eggs acquired under the egg stabilization program established in mid-1973, was forced recently to destroy 25,000 cases because of spoilage. To aid the industry, the Government of Canada has agreed to purchase part of the surplus stocks for donation to the World Food Program.

Problems Confront World Poultry Industry

The world poultry industry continues to suffer from a cost-price squeeze. High feed costs, surpluses of competing protein foods, and tight credit all have combined to cause severe financial problems for poultry producers.

Recently, the largest Danish poultry slaughterhouse cooperative, DANPO, was refused further loans and has been taken over by its creditors. DANPO, which accounts for about 40 percent of Danish poultry slaughter, tried to keep producer prices up, apparently in the mistaken belief the market's difficulties were temporary. Disappointing sales and rising stocks forced the co-op into debt and near-bankruptcy.

In the United Kingdom, one of the largest turkey producers in Scotland, Pinkerton, Ltd., went into receivership after it was unable to acquire funds needed for operating expenses. The company's losses were caused by severely depressed prices and are typical of those facing the British poultry industry.

Poultry industries in other European Community countries also are experiencing difficulties and an effort has been made to cut production in Member States along with special export subsidies to dispose of the surplus outside the EC. EC broiler production is expected to decline about 10 percent during the last half of 1974 and into early 1975.

GENERAL

U.S. Senate Committee Looks at Fish Conservation

The Senate Foreign Relations Committee is debating a bill to conserve and manage fish stocks by restricting a 200-mile coastal zone for U.S. use only.

This action is related to the Law of the Seas Conference—during which 149 countries met in Caracas, Venezuela, to discuss issues related to the laws of the sea—concluded August 29 without reaching a decision on any of the major issues. The Conference is expected to resume at a later date, however, to examine a number of proposals, including establishment of an economic zone giving each country jurisdiction over the exploitation of resources within its own 200-mile coastal zone.

At least 11 commercially valuable species of fish located along U.S. seacoasts have been depleted, or are growing scarce. These include: Haddock, herring, menhaden, and yellow tail flounder of the Atlantic; mackerel, sablefish, shrimp, Alaskan pollock, yellow fin sole, and hake of the Pacific; and halibut of both oceans. Principals in the overfishing of U.S. seacoasts are the USSR and Japan. In 1973 Japanese fishermen took 40 percent of the total catch of Bristol Bay salmon.

Other Foreign Agriculture Publications

- U.S. Unmanufactured Tobacco Exports (FT 4-74)
- World Lard Production and Trade (FLM 9-74)

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FOREIGN AGRICULTURE

COST-PRICE SQUEEZE HITS U.K. MEAT INDUSTRY

The U.K. livestock and meat industry is continuing to suffer from a cost-price squeeze. Cattle and hog slaughter during the first half of 1974 have increased 17 and 6 percent, respectively, from levels for the comparable period last year, while meat consumption has not been able to keep pace.

At the end of June, the average market price for medium steers in England and Wales was down 10.6 percent to $36.79 per hundred pounds, compared with an average of $41.13 a year earlier.

On July 1, 1974, the U.K. Government raised the guide price for cattle from $38.94 to $41.08 to strengthen U.K. prices. Meanwhile, the Government plans to continue indefinitely the subsidy on pigs, equal to about 6 U.S. cents per pound (deadweight). (Converted at £1.00=US$2.39.)

To reduce the problems caused by mounting stocks of intervention beef in the European Community (EC), the British Minister of Agriculture has pressed the EC Council of Agricultural Ministers to introduce a form of deficiency payments scheme for beef producers in the EC.

The Ministry also is pressing the EC to introduce a floor price of $38.41 per hundred pounds for clean cattle in the United Kingdom, with provision for deficiency payment when market prices fall below this price level. No such approval, however, has yet been given by the other members of the Community, and it is likely that the United Kingdom soon will introduce such a scheme unilaterally if permission from the EC is not forthcoming.

The United Kingdom has been granted permission by the EC to maintain beef calf subsidies.

Israeli Fertilizer Output

Continued from page 11

latter linked by railway to the phosphate mines, while the Dead Sea products are hauled by truck for about 25 miles to the nearest railhead. Bulk loading facilities exist at both ports.

Facilitating the production and export growth are the country's still-vast raw-materials reserves. The Dead Sea is said to contain about 100 billion metric tons of muriate of potash solids, with new quantities added by the constant inflow of saline water. For phosphates, there is no published estimate of total reserves, but it is assumed that the planned level of production can be maintained for a generation or two.

Greece Shapes Plans To Export Milled Rice

American varieties of rice, grown and processed in Greece using American technology, may soon supply a share of Western Europe's import requirements for this commodity.

A large American rice processing firm recently completed arrangements to process in Greece locally grown U.S. varieties, under satisfactory quality controls, with the dual objective of supplying a substantial part of Greece's requirements for such rice as well as entering the West European market—especially the Common Market where Greece's status as Associate Member includes preferential tariff treatment.

Greece has great potential in the expansion of domestic paddy production. In fact. annual output has been held during the last several years at 50,000 to 65,000 metric tons (milled) to minimize surpluses, which usually have been exported through the use of Government subsidies in order to compete in the world market. Greeks are important rice consumers, utilizing as food about 50,000 metric tons (milled) per year.

This new development not only will aid in reducing the trade deficit but will contribute toward further mechanization and industrialization in Greece.

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